



House of Representatives

General Assembly

File No. 435

February Session, 2018

Substitute House Bill No. 5278

House of Representatives, April 12, 2018

The Committee on Commerce reported through REP. SIMMONS of the 144th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE ELIGIBILITY OF CERTAIN CONTRACTORS LOCATED IN DISTRESSED MUNICIPALITIES UNDER THE SET-ASIDE PROGRAM FOR SMALL CONTRACTORS AND MINORITY BUSINESS ENTERPRISES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of subsection (a) of section 4a-60g of the
2 2018 supplement to the general statutes is repealed and the following
3 is substituted in lieu thereof (*Effective October 1, 2018*):

4 (1) "Small contractor" means any contractor, subcontractor,
5 manufacturer, service company or nonprofit corporation: (A) [that] (i)
6 That maintains its principal place of business in the state, [(B)] (ii) that
7 had gross revenues not exceeding fifteen million dollars in the most
8 recently completed fiscal year prior to [such] application for
9 certification under subsection (k) of this section, and [(C)] (iii) that is
10 independent; or (B) (i) that maintains its principal place of business in
11 a distressed municipality, as defined in section 32-9p, (ii) that had
12 gross revenues not exceeding thirty million dollars in the most recently

13 completed fiscal year prior to such application, and (iii) that is
14 independent. "Small contractor" does not include any person who is
15 affiliated with another person if both persons considered together have
16 a gross revenue exceeding fifteen million dollars, or, in the case of a
17 person that maintains its principal place of business in a distressed
18 municipality and who is affiliated with another person, such a
19 combined gross revenue exceeding thirty million dollars.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2018	4a-60g(a)(1)
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Statement of Legislative Commissioners:

In the exclusion to the definition of "small contractor", "and who is affiliated with another person" and "such a combined" were added for clarity.

CE *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill expands the criteria to allow contractors in distressed municipalities with less than thirty million dollars of revenue to qualify as small contractors under the set-aside program for small contractors and minority business enterprises. The bill also reduces the required timeframe for the state to pay a small contractor under the set aside program from 30 days to 25 days. This will not result in a fiscal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 5278*****AN ACT CONCERNING THE ELIGIBILITY OF CERTAIN CONTRACTORS LOCATED IN DISTRESSED MUNICIPALITIES UNDER THE SET-ASIDE PROGRAM FOR SMALL CONTRACTORS AND MINORITY BUSINESS ENTERPRISES.*****SUMMARY**

This bill allows more businesses and nonprofit corporations to bid on small contractor and minority business enterprise set-aside contracts, which, by law, state agencies and certain contractors must reserve for bidding exclusively by these entities, including those owned or operated by women, people with disabilities, and minority group members (i.e., minority business enterprises).

Under current law, independent businesses and nonprofit corporations may bid on these contracts only if their (1) annual gross revenue in the most recently completed fiscal year is under \$15 million and (2) principal place of business is anywhere in Connecticut. Those that are affiliated with other entities may bid on the contracts only if their combined annual revenue does not exceed the \$15 million ceiling.

The bill raises this ceiling to \$30 million for those otherwise eligible entities that maintain their principal place of business in one of the 25 state-designated distressed municipalities and are unaffiliated with other entities (see BACKGROUND). Those that are affiliated with other entities may bid on set-aside contracts only if their combined annual gross revenue is under \$30 million.

The set-aside program refers to a law under which all state agencies and contractors awarded municipal or state quasi-agency contracts must annually set-aside or reserve (1) 25% of their contracts for exclusive bidding by state certified “small contractors,” which include

nonprofit organizations, and (2) 25% of that amount (6.25%) for exclusive bidding by small contractors that are certified minority business enterprises.

EFFECTIVE DATE: October 1, 2018

BACKGROUND

Distressed Municipalities

The economic and community development commissioner annually ranks municipalities based on their relative economic and fiscal distress and designates the top 25 as “distressed municipalities.” State agencies use the designation as a criterion for awarding state assistance.

In 2017, the commissioner designated the following municipalities as distressed municipalities: Ansonia, Bridgeport, Bristol, Chaplin, Derby, East Hartford, East Haven, Enfield, Griswold, Hartford, Killingly, Meriden, Montville, Naugatuck, New Britain, New Haven, New London, Norwich, Plymouth, Putnam, Sprague, Torrington, Waterbury, West Haven, and Windham.

Related Bill

sHB 5265, favorably reported by the Government Administration and Elections Committee, reduces the required timeframe for state agencies, quasi-public agencies, and municipalities to pay a small contractor under the Small and Minority-Owned Business Set-Aside program from 30 days to 25 days from the date payment is due, unless a different payment schedule is agreed upon in a written construction contract.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 19 Nay 1 (03/22/2018)